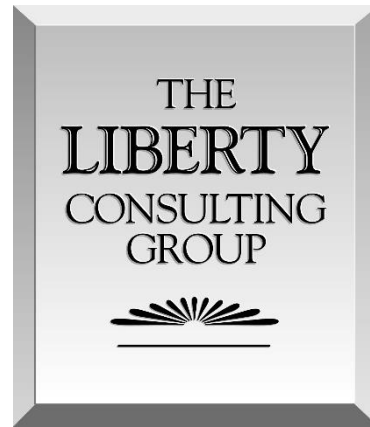


**Review of CMP's Reconciliation of
Delivery and Supply Charge Exceptions
Docket No. 2019-00015**

Presented to:
*State of Maine
Public Utilities Commission*



Presented by:
*The
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1. Review of CMP's Reconciliation of Delivery and Supplier Charge Exceptions

In performing our Forensic Audit (Audit), we reviewed and tested more than 3.9 million customer bills produced by SmartCare during the 6-month period from November 2017 through April 2018. We tested these bills from all customer classes to determine whether delivery and supplier billing charges were calculated correctly. Our calculation of the delivery and supplier billing determinants produced a match level of 99.998 percent for delivery and 99.7 percent for supply. The number of exceptions proved very low for delivery charges when compared with supplier charges. We recommended that CMP complete the process of reconciling the remaining exceptions (where our calculations of delivery and supply exceptions did not match the data we received from CMP) to ensure that any of the exceptions that ultimately involved error are appropriately addressed.

CMP provided the results of its reconciliation in data responses EXM-002-004 and EXM-002-005. CMP did not identify any miscalculations within the billing system.

We examined the results of CMP's reconciliation to determine whether it is clear that, in all cases, the billing system calculations were correct. We sought PDF copies of customer bills represented by these exceptions - 64 delivery exceptions and a sample of 1,096 supplier exceptions (randomly selected from a total of 11,350 supplier exceptions).

We reviewed the PDF bill copies that CMP provided in response to ODR-003-010 and ODR-003-011. We compared the delivery and supply charges appearing on these bills (presumably the ones issued to customers) with calculations from our testbed, from which we identified the exceptions. We also examined delivery and supplier pricing, and the proration on the bills of kWh usage required when rates change within a billing period or when customers switch suppliers within a billing period. We also examined manually re-calculated charges.

Based on our analysis, CMP correctly confirmed calculated delivery charges. However, we could not confirm 72 percent of CMP's reconciliation results for supplier charge exceptions. If evidence exists to support CMP's conclusions, it is not apparent from the PDF copies of the bills. The next table summarizes the results of our efforts to validate CMP's results.

Exceptions	Report Exceptions		CMP Reconciliations Reviewed by Liberty			
	Total #	CMP Reconciled	Total #	Confirmed	Unconfirmed	
					#	%
Delivery Charges	64	64	64	64	0	0%
Supplier Charges	11,350	11,350	1,096	307	789	72%

The next two sections detail these results.

2. Review of Delivery Charge Exceptions

From the PDFs of printed customer bills provided in response to ODR-003-010, which concerned delivery-charge exceptions, we examined 64 PDFs to compare the printed customer bill to data in our testbed (previously provided to Liberty by CMP through data extract). We confirmed correct delivery calculations in all 64 cases of delivery charge exceptions noted in our final Audit Report.

In examining these variances, we found that in the original billing data extract CMP had not provided Liberty key billing information needed to calculate the delivery charges correctly for these accounts, including:

- other charges (maintenance, equipment rental, line extension)
- special billing accounts (J-Factor and Net Energy)
- billed demand for certain accounts
- Initial bills were not identified, making it difficult to correctly prorate the first bill.

Based on our review, all 64 delivery charge exceptions remaining at the end of our Audit are now resolved.

3. Review of Supplier Charge Exceptions

We reviewed 1,096 requested sample PDF bills provided by CMP in response to ODR-003-011. Similar to our comparison of delivery-charge data described above, we performed a comparison of the printed bill with data in Liberty's testbed to determine whether supplier charge exceptions could be resolved.

This process confirmed CMP's reconciliation for 307 of the 1,096 supplier charge exceptions sampled. We could not, however, confirm the remaining 789 (72 percent) of the supplier charge exceptions sampled. The next table categorizes the unconfirmed supplier charge exceptions.

Confirmed Supplier Charge Exceptions	307
Confirmed billed correctly	307
Unconfirmed Supplier Charge Exceptions	789
Supply Charges for two CEP Suppliers not prorated (<i>i.e.</i> , all usage billed at higher rate) ¹	303
Supply Charges span two months, 0 billed 1 st month, all billed 2 nd month at higher rate ²	129
Usage proration to determine Supply Charge does not match elapsed days ²	353
Supply Charges not billed for all kWh	4
Total Supplier Charge Exceptions	1,096

¹ See part a below

² See part b below

a. Competitive Energy Provider Supplier-Specific Supply Variances

We examined a large number of supply variances in our sample associated with two CEP suppliers, NAPG (North American Power and Gas LLC) and AGERA (Agera Energy LLC). That examination identified 303 variances in which CMP did not prorate supplier charges on a customer bill when billed usage spanned a change in supplier rates. Instead, CMP billed all usage during the period at the higher of the two supplier rates.

For example, NAPG's CMGV1 rates changed on December 8, 2017, increasing from \$0.1299/kWh to \$0.1399/kWh. Customers billed for usage from December 1 to December 31 thus should incur charges under two rates. In the sample of exceptions we reviewed, SmartCare failed to split the usage, instead charging all usage at the higher supplier rate applicable only beginning December 8.

NAPG and AGERA supply variances make up 32 percent of the 11,350 supply variances we identified during the Audit. The 3,329 AGERA and NAPG supply variances beyond those we recently sampled should undergo examination for the same issue. Additionally, CMP should confirm that supply charges associated with both of these suppliers are correctly prorating usage for bills issued after April 30, 2018.

b. Standard Offer Price-specific Supply Variances

We examined a large number of Standard Offer Price (SOP) supply variances in our sample and identified 432 instances in which supply charges on a customer bill were not prorated when usage spanned a change in SOP rates. CMP uses just two actual meter readings to determine monthly usage (current meter reading and prior meter reading), thus requiring SmartCare to prorate usage when supply charges change within a billing period.

CMP has programmed SmartCare to prorate usage based on the number of elapsed days. However, after reviewing PDFs from our 1,096 sample of supply variances, we identified supply exceptions in which SmartCare appeared to vary from the standard usage proration calculation, seemingly randomly assigning usage to the periods defined by the pricing change. In 129 instances examined, all usage was billed at the higher rate. In 303 instances, usage was not proportionally assigned to available days in the billing period.

SmartCare relied on the standard proration calculation for SOP pricing changes for thousands of bills examined in our original testbed, many confirmed by us during the Audit. Thus, these 432 variances appear to be an anomaly.

These variances could be related to a billing issue observed during the Audit in which SmartCare appeared to be prorating based on an "interim meter reading." Discussions with CMP indicated the extra interim read posted to the account should be ignored and that previously identified interim read errors had been corrected. This was a known defect, but was not previously identified to affect supplier kWh proration.

Ideally, SmartCare should use actual daily meter readings to correctly apportion usage between periods when rates change. Billing would be based on actual usage rather than a proration based on elapsed days.

4. Summary

At the end of Liberty's Audit, 64 delivery and 11,350 supplier charge exceptions remained unresolved. CMP reviewed the exceptions but did not identify any miscalculations within the billing system.

Liberty reviewed CMP's reconciliation of these exceptions along with PDF copies of the bills. All 64 delivery charge variances were reviewed and confirmed as being correct. However, a large percentage (72 percent) of supplier charge variances sampled could not be confirmed. These results cast doubt on the remaining 10,254 supplier exceptions that were not sampled and reviewed as part of this effort.

As a result of these findings, CMP should re-examine all of the 11,350 supplier charge exceptions originally identified by Liberty's Audit to determine if customer bills should be canceled and reissued. Appropriate credit should be provided to any customers overbilled as a result of these exceptions.

Additionally, CMP should confirm that supply charges associated with the two suppliers whose supply pricing changes were not calculated correctly are now being correctly prorated for pricing changes for bills issued after April 30, 2018.

In its Rebuttal, CMP should detail plans for addressing these findings, including the actions that will be taken and expected completion dates.